GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:2909
ANSWERED ON:21.03.2002
PERFORMANCE OF ORDNANCE FACTORIES
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Will the Minister of DEFENCE be pleased to state:

(a) whether the CAG has examined the performance of Ordnance Factories/Organisations in its report no. 7 of 2001;

(b) if so, the salient observations and the action taken thereon; and

(c) the steps taken for improving the working of the ordnance factories/organisations?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (c): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA UNSTARRED QUESTION NO. 2909 21.3.2002

The performance of Ordnance Factories organization for the year 1999-2000 was reviewed by C&AG in report No. 7 of 2001.The salient observations are furnished below:-

The Ordnance Factories organization comprising of 39 factories are engaged in production of arms, ammunition, equipment, Clothing & General Store items etc. primarily for the Armed Forces of the country.The value of production aggregated to Rs. 7086.49 crore in 1999-2000 from Rs. 5441.12 crore achieved during 1998-99 thereby registering a growth of 30.24%.

The Ordnance Factories also improved capacity utilisation and the total turn over; and as such generated a net budget surplus of Rs. 830.16 crore during 1999-2000. There was an overall reduction in various types of inventory held viz. stock holdings of input materials, work in progress and finished stock. However, production of 69 items out of 364 items for which demand existed and target were fixed was behind schedule. The short fall in production was mainly due to non-finalisation of design or non-availability of bulk production clearance etc. In financial terms, the value of the short fall items was less than 10% of the total turn over. Audit have also pointed out some cases of accounting lapses. Necessary action is being taken by Ordnance Factory Organisation to avoid recurrence of such lapses in consultation with their Associate Finance.